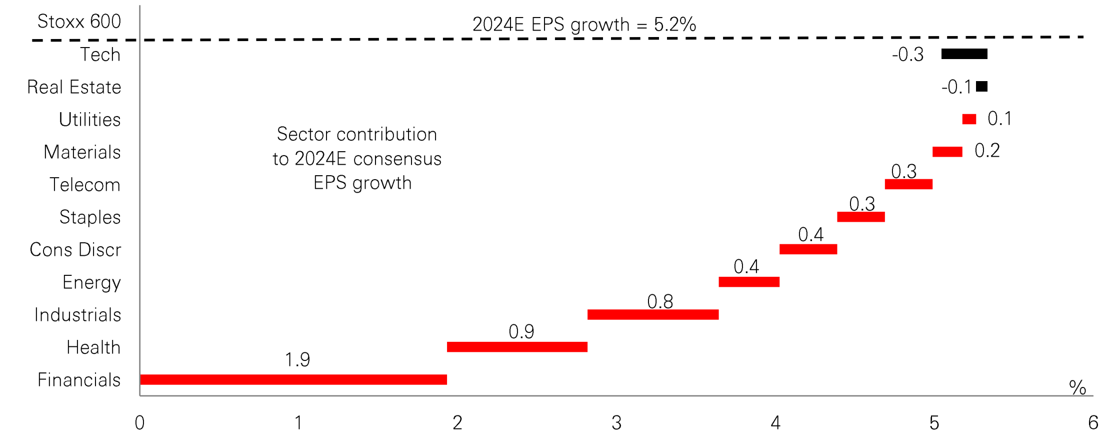
HSBC Asset Management

# Investment Weekly

31 May 2024
For Professional Clients only.

## Chart of the week – Euro 2024!




With Europe's Q1 earnings season drawing to a close – and more than 90% of stocks having now reported – the big picture is that the continent's corporates are materially beating consensus expectations. After consistently being on the back foot versus US peers post-Covid, European firms – and share prices – are feeling the effects of an improving macro environment and a rebound in earnings momentum. And, crucially, they also now face the prospect of a rate cut from the European Central Bank next week. The Stoxx Europe 600 index is up over 7% year-to-date.

The outlook for 2024 index earnings growth is currently just above 5%. Financials – which saw the most earnings 'beats' and highest upward revisions in Q1 – are forecast to contribute 40% of the growth this year. And with the sector's price-earnings ratio 30% below its own long-run average and double the normal discount to US peers, there is room for price gains. Meanwhile, technology, which has underpinned earnings growth in the US, is set to be a net drag on earnings growth in Europe this year. But there should be a turnaround in tech fortunes at the end of this year. Analysts expect this to push index EPS growth higher to match the US more closely at around 10% in 2025.

Overall, appealing valuations and the potential for a cyclical pickup offers some reasons to be confident. ECB cuts boost the appeal of small caps. **But the outlook remains dependent on Fed policy, which ultimately constrains the ECB. And it's hard to see a robust European recovery if US economic momentum falters.**


Japanese Equities →

Exploring the impact of a weaker yen on the Japanese stock market

Asia FX →

Why Asian currencies have been resilient against the strong US dollar

Immigration Trends →

Why a rise in immigration could be boosting the US economy


## Market Spotlight

**All eyes on securitised**

Many areas of the corporate credit market are currently trading at historically tight spreads. But one investment grade asset class benefiting from higher rates yet still offering potential long-term value, is securitised credit.

As a largely floating rate asset, the coupons on securitised rose in 2022 and 2023 and have yet to meaningfully fall. As long as rates remain high, **the securities could continue to generate high income**. And while spreads have tightened during the last quarter, they remain close to the middle of the range since 2009 (excluding Covid).

Our Securitised Investments team tell us that recent tightening has been less significant in commercial mortgage-backed securities (CMBS). That's not surprising given the fragile outlook for commercial real estate. It means performance of CMBS has depended heavily on the profile of secured properties. Sectors like Life Sciences, Multifamily and Prime Offices that accommodate working from home, are expected to keep performing well. But secondary offices and secondary shopping malls face a more uncertain outlook – meaning that security selection is key. Against a backdrop of elevated rates and relatively modest spreads, we remain positive on the asset class.



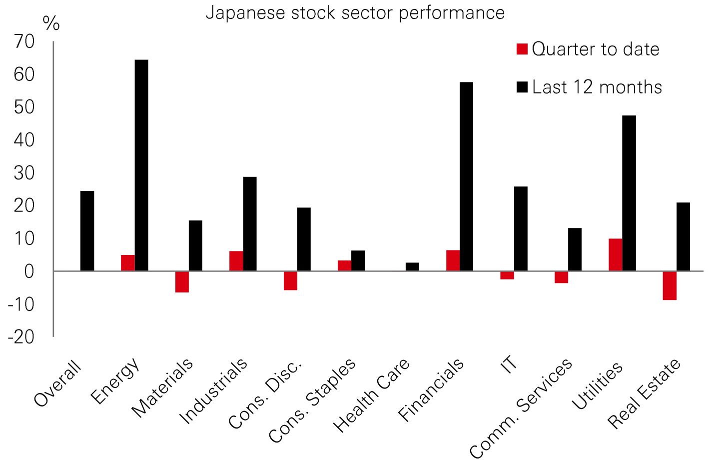
Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.

## Lens on…

### Japanese stocks slip

After rallying in Q1 2024, Japanese stocks have delivered a more subdued performance in Q2. A key reason has been weakness in the yen, which has fallen to multi-year lows against the US dollar. Historically, there has been a negative correlation between the yen and Japanese stocks because a weak currency tends to boost big exporters. But there are downsides too. Higher import costs have crimped the margins of domestic firms, notably in the energy and materials sectors. And after a period of strong international inflows, the weaker yen now risks being a deterrent to foreign investors.

Despite these frictions, the outlook for Japanese stocks is positive. Earnings growth has been resilient, helped by stronger regional trade flows and robust demand in sectors like technology. In May, Japan's manufacturing PMI survey moved into expansion territory for first time in a year. Ongoing corporate governance reforms also help. And in terms of valuation, Japan still trades at a discount to other DM markets like the US, which together with its growth outlook is why **it remains one of our favoured DM regions**.




### Resilient Asian FX

Against the backdrop of a strong US dollar, emerging market Asia FX has proved to be relatively resilient this year. While countries across the region have responded to the pressure in different ways, the general picture is that Asian currencies have only seen modest weakness versus their major EM peers.

This resilience is down to several factors. One is that Asian economies have been in better shape to fend off FX stress than in the past. FX reserve adequacy ratios and basic balances have been bolstered, and balance of payments risks are more manageable. Asian central banks have also had a wider range of policy tools at their disposal to curb excessive one-sided FX moves without needing to deplete their FX reserves.

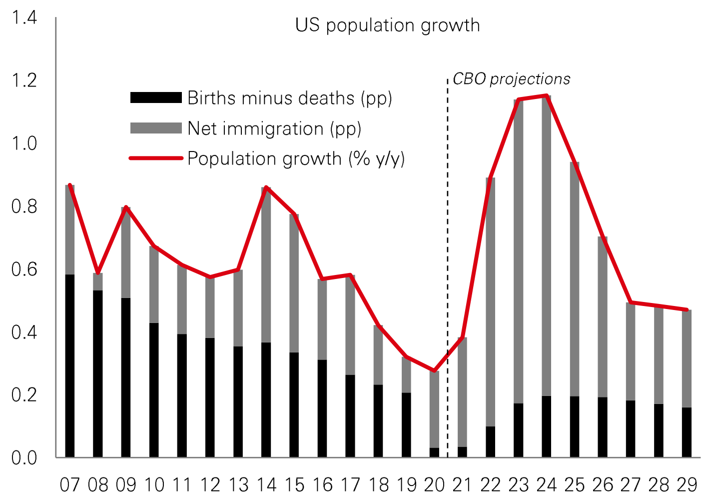
Key risks remain, particularly given the wide rate differentials with the US and the potential for prolonged dollar strength. But our view is that the **dollar could soften later this year as Fed rate cuts come closer into view,** and that could benefit Asian currencies. A cyclical recovery in Asia's export cycle, particularly in high-technology industries, also provides some upside potential.


### Immigration and the golden path

When trying to explain recent US economic resilience, one overlooked factor may have been the impact of a significant increase in US immigration last year. Recent estimates from the Congressional Budget Office (CBO) suggest that net immigration was 3.3m last year, up from 2.7m in 2022 and 1.2m in 2021, and well above the 900k average between 2010 and 2019.

Population growth is an easy way to guarantee higher rates of economic growth – look at India today. But importantly, an increase in the size of the labour force **helps keep a lid on wage demands and thus underlying inflation pressures**. This is a key tenet of our golden path scenario which incorporates other positive supply-side shocks such as a pickup in productivity growth, or benign geopolitics and subdued commodity prices – typically good news for markets.

The CBO expects another strong year of population growth in 2024. But beyond that, political pressure may mean immigration levels are likely to taper off no matter who occupies the White House.




**Past performance does not predict future returns.**

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.

# Asset class views

Our baseline macro scenario is for a soft-ish landing, involving a slowdown in growth and further disinflation. But the data flow is likely to remain bumpy and the outlook remains uncertain. Risk asset valuations are stretched in many areas. That means that any deterioration in corporate fundamentals could create market volatility. A defensive positioning in portfolios remains appropriate, which includes selective exposures to fixed income, risk assets, and private markets.

House view represents a 12-month investment view across major asset classes in our portfolios.

| | Asset Class | - View + | Comments |
|---|---|---|---|
| Macro Factors | Global growth | | A defensive positioning in investment portfolios remains appropriate given optimistic market expectations versus a lingering risk of macro disappointment or weakness. We prefer to access the growth factor in laggard regions, such as Asia and emerging markets |
| | Duration | | Robust growth and inflation data have put upward pressure on yields so far in H1. Carry remains appealing and, in adverse economic outcomes, there is scope for strong returns in global duration. We favour the US and UK curves |
| | Emerging Markets | | The outlook for EMs is bolstered by China policy support feeding through to the real economy, eventual Fed easing, and a growth premium versus the West. Disinflation is an ongoing process, especially in Latam and Europe, allowing EM central banks to lead the cutting cycle |
| Bonds | 10yr US Treasuries | | Yields have ground higher over the course of H1, driven by resilient growth and inflation data. However, growth could disappoint expectations in H2, meaning investors price in more cuts. We anticipate yield curve steepening by the end of the year |
| | EMD Local | | EM local-currency bonds have performed well. Proactive central banks in Latam and Europe are leading the global cutting cycle, although some hesitancy has crept in given uncertainty over future Fed cuts. We remain overweight Brazil, Indonesia, Mexico, Peru and South Africa |
| | Asia Local | | The medium-term outlook is stable, supported by a solid macro backdrop in the region, with some markets, such as Indonesia, India and Korea, benefiting from high carry. A potential delay in monetary policy easing amid fading optimism over US rate cuts could cause short-term volatility |
| Credits | Global Credit | | Global credit is expensive with most non-financial spreads at near-cyclical tights. Financials, particularly banks, look attractive but less so than they were at the start of 2024. All-in yields continue to support inflows, helping long duration corporate credit |
| | Global High-Yield | | Valuations are expensive with spreads falling sharply in recent months. The market prices a global soft landing. But the tight spreads in HY are offset by a high 'all-in' yield. And corporate fundamentals are not a source of concern |
| | Asia Credit | | Valuations are expensive as spreads approach historic tights. The rising chance of a US soft landing mitigates the risk of material spread widening. Economic resilience within Asia, plus China policy action, support the regional credit market outlook |
| | EMD Hard Currency Bonds | | EM credit spreads could benefit as the Fed moves towards cutting rates, but this prospect has already driven a re-rating of the asset class. Spreads are at historic tights and it is difficult to see further compression, although we remain cyclically-constructive |
| Equities | DM Equities | | Investor sentiment is buoyed by confidence in the soft landing, and leadership from quality growth. But as investor perceptions shift, the market is discounting a lot of good news. Risks of an adverse surprise are rising, even if an imminent growth collapse looks unlikely |
| | EM Equities | | The EM growth outlook is a relative bright spot in a global context, with disinflation and the prospect of Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too |
| | Asia ex Japan | | Asia is a strong performer year-to-date. Chinese policy activism is rebuilding investor confidence in the market. India fundamentals are supportive, with strong EPS growth, despite elevated valuations. Korea and Taiwan continue to benefit from the upswing in the semiconductor cycle |
| Alternatives | Global Private Equity | | With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. However, increasing economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta |
| | Global Real Estate | | In a more benign macro environment, real estate sub-sectors with a more secure income profile and lower leverage should outperform. Following recent price corrections driven by higher interest rates, there may be opportunities for value-add or opportunistic strategies to acquire at a low base |
| | Infrastructure Debt | | Infrastructure debt currently offers stronger expected returns than global credits, and experiences lower spread volatility during economic slowdowns. It has strong defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition |

**Past performance does not predict future returns.**
Source: HSBC Asset Management. Data as at 11.00am UK time 31 May 2024.

## Key Events and Data Releases

### This week

| Date | Country | Indicator | Data as of | Actual | Prior | Comment |
|---|---|---|---|---|---|---|
| Mon. 27 May | US/UK | US Memorial Day and UK Spring bank holiday. Financial markets closed | | | | |
| Tue. 28 May | US | Conference Board Consumer Confidence Index | May | 102.0 | 97.5 | Consumer confidence rebounded in May, the first rise since January, but remained within the range seen since early 2022 |
| | US | S&P Case Shiller House Price Index, 20 major cities (mom) | Mar | 0.3% | 0.6% | Supply constraints have ensured US house prices have continued to rise in the face of high mortgage rates and weak demand |
| Thu. 30 May | US | GDP (qoq annualised) | Q1 | 1.3% | 1.6% | Q1 GDP was revised down modestly, driven by softer consumer spending. Pre-tax corporate profits fell modestly on a qoq basis |
| | US | Pending Home Sales (mom) | Apr | -7.7% | 3.6% | US pending home sales fell in April as higher mortgage rates weighed on demand |
| | JP | Tokyo CPI ex fresh food & energy (yoy) | May | 1.7% | 1.8% | Tokyo core inflation edged down in May, reflecting softer service sector inflation, although this should prove short-lived |
| | JP | Industrial Production (mom) | Apr | -0.1% | 4.4% | Industrial production surprised on the downside in April but this was due to one-off factors and should prove temporary |
| Fri. 31 May | CN | Official Manufacturing PMI | May | 49.5 | 50.4 | China's official manufacturing PMI dipped back into contraction territory in May, driven by weaker new orders |
| | EZ | CPI (yoy) | May (P) | 2.6% | 2.4% | Inflation surprised on the upside in May, driven by stronger services price increases |
| | IN | GDP (yoy) | Q1 | - | 8.4% | A base effect from a strong Q1 2023 should weigh on yoy growth, but the underlying demand remains strong |
| | US | Core PCE Deflator (yoy) | Apr | - | 2.8% | Inflation was uncomfortably strong in early 2024, but CPI and PPI data suggest month-on-month core PCE will moderate in April |

**P – Preliminary, Q – Quarter** **CN – China, EZ – Eurozone, IN – India**

### The week ahead

| Date | Country | Indicator | Data as of | Survey | Prior | Comment |
|---|---|---|---|---|---|---|
| Sat. 1 June | IN | Indian General Election | Jun | | | The final phase of voting finishes on June 1st with the result announced on June 4th. The BJP party is expected to retain power |
| Sun. 2 June | MX | Mexican Presidential Election | Jun | | | Opinion polls suggest Claudia Sheinbaum, the candidate for the incumbent Morena-PT-PVEM party, will achieve a comfortable victory |
| Mon. 3 June | CN | Caixin Manufacturing PMI | May | 51.6 | 51.4 | The Caixin manufacturing PMI has increased gradually during 2024 as global headwinds have faded |
| | IN | HSBC Manufacturing PMI | May | - | 58.4 | India's manufacturing PMI is running at an elevated level |
| | US | ISM Manufacturing index | May | 49.7 | 49.2 | The ISM manufacturing index could rebound in May, taking a lead from the bounce in the preliminary S&P manufacturing PMI |
| | MX | S&P Global Manufacturing PMI | Jun | - | 49.2 | Mexico's S&P global manufacturing PMI should improve in May after dropping into contractionary territory in April |
| Tue. 4 June | BR | GDP (qoq) | Q1 | 0.7% | 0.0% | Brazil's GDP looks set to rebound in early 2024, driven by firmer domestic demand amid rising business confidence |
| Wed. 5 June | CN | Bank of Canada Interest Rate Decision | Jun | 4.75% | 5.00% | The Bank of Canada looks likely to cut rates 25bp to 4.75% in June following recent downward inflation surprises |
| | US | ISM Services index | May | 51.0 | 49.4 | The rebound in the preliminary S&P Global US services PMI suggests the ISM equivalent should return to expansion territory in May |
| Thu. 6 June | EZ | ECB interest rate decision | Jun | 3.75% | 4.00% | The ECB is expected to cut rates by 25bp in June. ECB President Lagarde is unlikely to commit to a timetable for further easing given sticky service sector inflation and wage growth |
| Fri. 7 June | CN | Trade Balance (USD bn) | May | 71.5 | 72.4 | Chinese exports should be supported by improving external demand whilst continued soft domestic demand may constrain imports |
| | IN | Reserve Bank of India Interest Rate Decision | Jun | 6.50% | 6.50% | The RBI is expected to remain on hold in June, awaiting further progress on disinflation before easing, probably in late 2024 |
| | US | Change in Non-Farm Payrolls (000s) | May | 180 | 175 | Payrolls growth slowed in April and business surveys suggest some further moderation is likely in the coming months |

**P – Preliminary, Q – Quarter** **IN – India, MX – Mexico, EZ – Eurozone, CN – China, BR – Brazil**

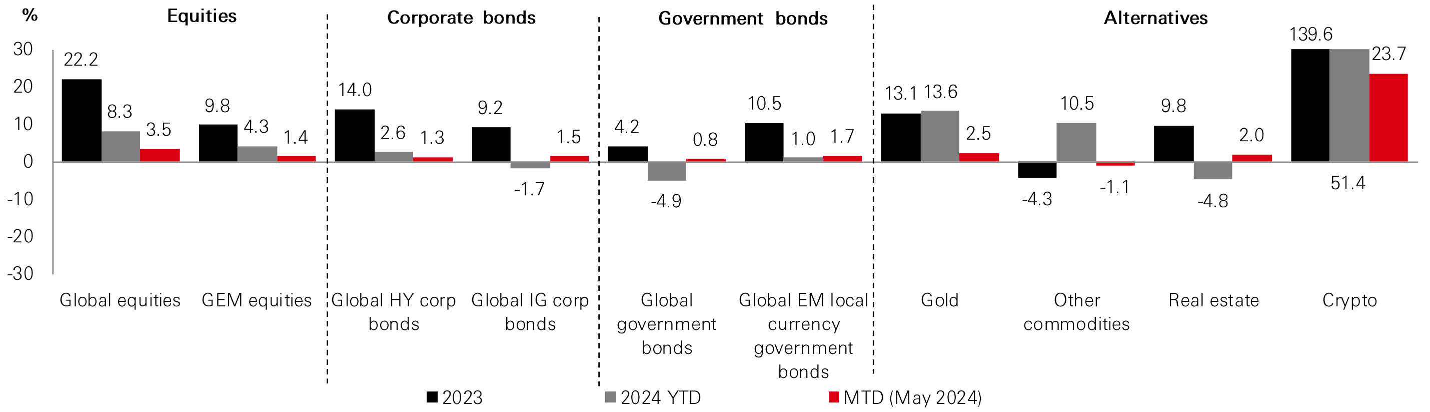
Source: HSBC Asset Management. Data as at 11.00am UK time 31 May 2024.

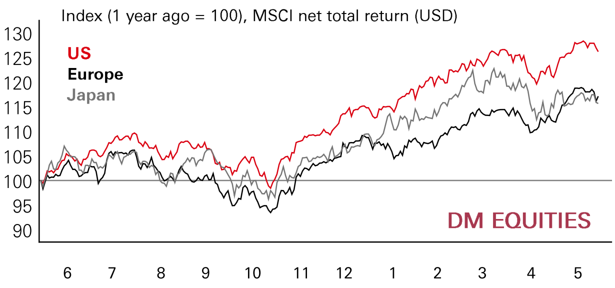
## Market review

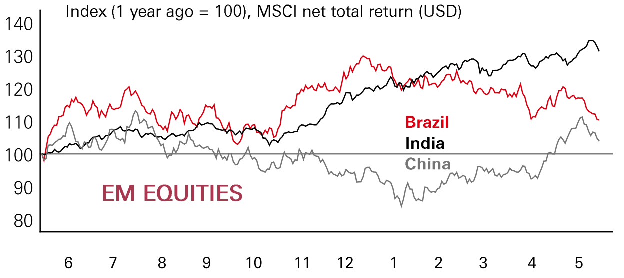
### This week

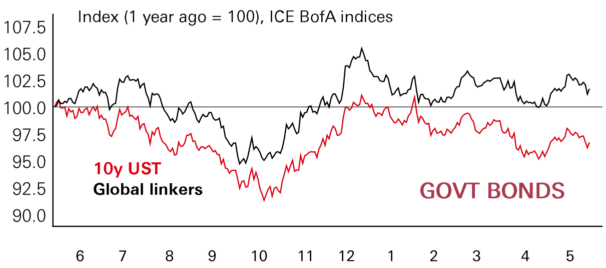
Hawkish Fed comments weighed on risk markets this week. Core government bonds sold off modestly with markets factoring in only one 25bp Fed funds rate cut this year as investors await the European Central Bank council meeting. The DXY US dollar index consolidated. US equities saw widespread weakness with the interest rate-sensitive Russell 2000 underperforming. The Euro Stoxx 50 fell, led by weaker tech stocks. Japan's Nikkei 225 was also on the defensive as supply concerns and interest rate worries weighed on JGBs. In EM, the Shanghai Composite traded sideways despite China's official manufacturing PMI dipping back into negative territory in May. India's Sensex dropped amid caution ahead of the outcome of the general election. In commodities, oil prices were steady ahead of the OPEC+ meeting. Copper weakened on disappointing Chinese data, and gold moved sideways.

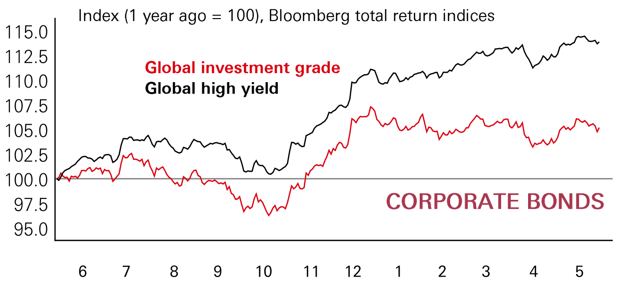
**Selected asset performance**

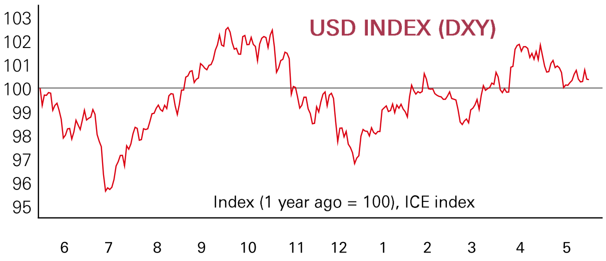


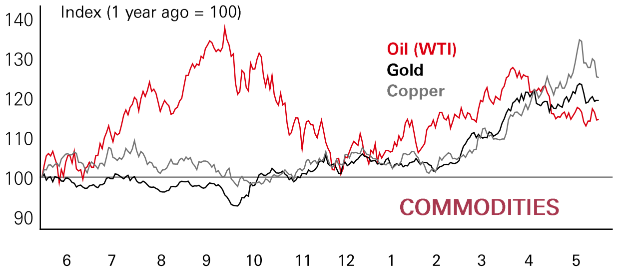

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Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.

# Market data

| Equity Indices | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low | Fwd P/E (X) |
|---|---|---|---|---|---|---|---|---|---|
| **World** | | | | | | | | | |
| MSCI AC World Index (USD) | 781 | -1.3 | 3.2 | 2.6 | 20.8 | 7.4 | 798 | 628 | 18.3 |
| **North America** | | | | | | | | | |
| US Dow Jones Industrial Average | 38,111 | -2.5 | 0.8 | -2.3 | 15.8 | 1.1 | 40,077 | 32,327 | 18.8 |
| US S&P 500 Index | 5,235 | -1.3 | 4.0 | 2.7 | 25.3 | 9.8 | 5,342 | 4,104 | 21.4 |
| US NASDAQ Composite Index | 16,737 | -1.1 | 6.9 | 4.0 | 29.4 | 11.5 | 17,033 | 12,544 | 30.1 |
| Canada S&P/TSX Composite Index | 22,072 | -1.1 | 1.6 | 3.3 | 12.8 | 5.3 | 22,555 | 18,692 | 15.2 |
| **Europe** | | | | | | | | | |
| MSCI AC Europe (USD) | 565 | -0.9 | 3.6 | 4.5 | 16.2 | 5.9 | 576 | 459 | 14.1 |
| Euro STOXX 50 Index | 4,979 | -1.1 | 1.2 | 2.1 | 18.0 | 10.1 | 5,122 | 3,993 | 13.9 |
| UK FTSE 100 Index | 8,250 | -0.8 | 1.3 | 8.1 | 10.8 | 6.7 | 8,474 | 7,216 | 12.0 |
| Germany DAX Index* | 18,472 | -1.2 | 3.0 | 4.5 | 17.9 | 10.3 | 18,893 | 14,630 | 13.3 |
| France CAC-40 Index | 7,966 | -1.6 | -0.2 | 0.5 | 12.2 | 5.6 | 8,259 | 6,774 | 14.1 |
| Spain IBEX 35 Index | 11,310 | 0.6 | 4.2 | 13.1 | 25.0 | 12.0 | 11,386 | 8,879 | 11.2 |
| Italy FTSE MIB Index | 34,468 | -0.1 | 2.1 | 5.8 | 32.3 | 13.6 | 35,474 | 26,000 | 9.3 |
| **Asia Pacific** | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 550 | -2.0 | 2.1 | 4.8 | 9.9 | 4.1 | 573 | 469 | 14.3 |
| Japan Nikkei-225 Stock Average | 38,488 | -0.4 | 0.2 | -1.7 | 24.6 | 15.0 | 41,088 | 30,488 | 22.0 |
| Australian Stock Exchange 200 | 7,702 | -0.3 | 0.5 | 0.0 | 8.6 | 1.5 | 7,911 | 6,751 | 17.0 |
| Hong Kong Hang Seng Index | 18,080 | -2.8 | 1.8 | 9.5 | -0.8 | 6.1 | 20,361 | 14,794 | 9.0 |
| Shanghai Stock Exchange Composite Index | 3,087 | -0.1 | -0.6 | 2.4 | -3.7 | 3.8 | 3,322 | 2,635 | 11.4 |
| Hang Seng China Enterprises Index | 6,393 | -3.2 | 1.9 | 12.6 | 3.7 | 10.8 | 7,024 | 4,943 | 8.4 |
| Taiwan TAIEX Index | 21,174 | -1.8 | 3.8 | 11.6 | 27.7 | 18.1 | 21,937 | 15,976 | 18.9 |
| Korea KOSPI Index | 2,637 | -1.9 | -2.1 | -0.2 | 2.3 | -0.7 | 2,779 | 2,274 | 10.4 |
| India SENSEX 30 Index | 73,947 | -1.9 | -0.7 | 2.0 | 18.1 | 2.4 | 76,010 | 62,359 | 21.0 |
| Indonesia Jakarta Stock Price Index | 6,971 | -3.5 | -3.6 | -4.7 | 5.1 | -4.2 | 7,454 | 6,563 | 13.0 |
| Malaysia Kuala Lumpur Composite Index | 1,597 | -1.4 | 1.3 | 2.9 | 15.1 | 9.8 | 1,633 | 1,369 | 14.4 |
| Philippines Stock Exchange PSE Index | 6,433 | -2.8 | -4.0 | -7.4 | -0.7 | -0.3 | 7,071 | 5,920 | 10.9 |
| Singapore FTSE Straits Times Index | 3,337 | 0.6 | 1.3 | 6.2 | 5.6 | 3.0 | 3,393 | 3,042 | 10.7 |
| Thailand SET Index | 1,346 | -1.4 | -1.6 | -1.8 | -12.3 | -5.0 | 1,579 | 1,330 | 14.7 |
| **Latam** | | | | | | | | | |
| Argentina Merval Index | 1,643,011 | 8.0 | 24.1 | 61.9 | 380.3 | 76.7 | 1,644,118 | 338,676 | 9.9 |
| Brazil Bovespa Index* | 122,707 | -1.3 | -2.6 | -4.9 | 13.3 | -8.6 | 134,392 | 108,193 | 7.7 |
| Chile IPSA Index | 6,639 | -2.0 | 2.0 | 2.9 | 21.3 | 7.1 | 6,838 | 5,363 | 10.9 |
| Colombia COLCAP Index | 1,404 | -0.3 | 3.4 | 10.2 | 27.7 | 17.5 | 1,451 | 1,045 | 7.4 |
| Mexico S&P/BMV IPC Index | 55,353 | -0.1 | -2.4 | -0.1 | 5.0 | -3.5 | 59,021 | 47,765 | 12.7 |
| **EEMEA** | | | | | | | | | |
| Russia MOEX Index | 3,244 | -4.5 | -6.5 | -0.4 | 19.4 | 4.7 | 3,522 | 2,628 | N/A |
| South Africa JSE Index | 77,225 | -2.4 | 1.5 | 6.2 | 2.9 | 0.4 | 80,214 | 69,128 | 10.5 |
| Turkey ISE 100 Index* | 10,649 | -0.3 | 6.0 | 15.8 | 117.9 | 42.6 | 11,088 | 4,868 | 5.2 |

*Indices expressed as total returns. All others are price returns.

| Equity Indices - Total Return | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | YTD Change (%) | 1-year Change (%) | 3-year Change (%) | 5-year Change (%) |
|---|---|---|---|---|---|---|---|
| Global equities | -1.3 | 3.5 | 3.2 | 8.3 | 22.9 | 15.5 | 72.7 |
| US equities | -1.3 | 4.0 | 2.8 | 9.9 | 26.9 | 26.3 | 101.1 |
| Europe equities | -0.8 | 4.3 | 6.2 | 7.8 | 19.5 | 10.2 | 49.4 |
| Asia Pacific ex Japan equities | -2.0 | 2.4 | 5.5 | 5.0 | 12.8 | -15.7 | 24.8 |
| Japan equities | -0.5 | 0.0 | -1.9 | 5.7 | 17.1 | 6.1 | 42.1 |
| Latam equities | -2.0 | -2.3 | -4.7 | -9.4 | 13.6 | 13.5 | 14.8 |
| Emerging Markets equities | -2.3 | 1.4 | 4.4 | 4.3 | 13.3 | -16.8 | 20.1 |

All total returns quoted in USD terms and subject to one-day lag.
Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Latin America Total Return Index, and MSCI Emerging Markets Total Return Index
Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

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Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 31 May 2024.

## Market data

| Bond indices - Total Return | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) |
|---|---|---|---|---|---|---|
| BarCap GlobalAgg (Hedged in USD) | 556 | -0.3 | 0.7 | -0.1 | 3.0 | -0.9 |
| JPM EMBI Global | 857.3 | -0.2 | 1.7 | 1.5 | 9.6 | 1.0 |
| BarCap US Corporate Index (USD) | 3171.8 | -0.3 | 1.4 | 0.1 | 4.0 | -1.5 |
| BarCap Euro Corporate Index (Eur) | 245.9 | -0.1 | 0.2 | 0.6 | 5.2 | -0.2 |
| BarCap Global High Yield (Hedged in USD) | 583.8 | 0.0 | 1.1 | 2.0 | 14.0 | 3.1 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 216.7 | -0.2 | 1.3 | 1.0 | 5.2 | 1.4 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 248 | -0.2 | 2.0 | 3.6 | 13.0 | 8.2 |

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

| Currencies (vs USD) | Latest | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2023 | 52-week High | 52-week Low | 1-week Change (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Developed markets** | | | | | | | | | |
| EUR/USD | 1.08 | 1.08 | 1.07 | 1.08 | 1.07 | 1.10 | 1.13 | 1.04 | 0.0 |
| GBP/USD | 1.27 | 1.27 | 1.25 | 1.26 | 1.24 | 1.27 | 1.31 | 1.20 | -0.1 |
| CHF/USD | 1.10 | 1.09 | 1.09 | 1.13 | 1.10 | 1.19 | 1.20 | 1.08 | 0.9 |
| CAD | 1.36 | 1.37 | 1.38 | 1.36 | 1.36 | 1.32 | 1.39 | 1.31 | 0.1 |
| JPY | 157 | 157 | 158 | 150 | 139 | 141 | 160 | 137 | -0.2 |
| AUD/USD | 0.66 | 0.66 | 0.65 | 0.65 | 0.65 | 0.68 | 0.69 | 0.63 | 0.3 |
| NZD/USD | 0.61 | 0.61 | 0.59 | 0.61 | 0.60 | 0.63 | 0.64 | 0.58 | 0.1 |
| **Asia** | | | | | | | | | |
| HKD | 7.82 | 7.81 | 7.82 | 7.83 | 7.83 | 7.81 | 7.85 | 7.79 | -0.1 |
| CNY | 7.24 | 7.24 | 7.24 | 7.19 | 7.11 | 7.10 | 7.35 | 7.06 | 0.0 |
| INR | 83.5 | 83.1 | 83.4 | 82.9 | 82.7 | 83.2 | 83.6 | 81.7 | -0.5 |
| MYR | 4.71 | 4.71 | 4.77 | 4.74 | 4.61 | 4.59 | 4.81 | 4.50 | 0.1 |
| KRW | 1386 | 1369 | 1382 | 1331 | 1326 | 1291 | 1400 | 1257 | -1.2 |
| TWD | 32.5 | 32.3 | 32.6 | 31.6 | 30.8 | 30.6 | 32.7 | 30.5 | -0.7 |
| **Latam** | | | | | | | | | |
| BRL | 5.20 | 5.17 | 5.19 | 4.97 | 5.06 | 4.85 | 5.29 | 4.70 | -0.7 |
| COP | 3866 | 3873 | 3922 | 3926 | 4448 | 3875 | 4427 | 3739 | 0.2 |
| MXN | 17.0 | 16.7 | 17.1 | 17.1 | 17.7 | 17.0 | 18.5 | 16.3 | -2.0 |
| ARS | 894 | 891 | 877 | 842 | 239 | 808 | 895 | 240 | -0.4 |
| **EEMEA** | | | | | | | | | |
| RUB | 90.2 | 89.6 | 93.5 | 91.2 | 81.3 | 89.5 | 102.4 | 80.5 | -0.7 |
| ZAR | 18.8 | 18.4 | 18.8 | 19.2 | 19.7 | 18.4 | 19.7 | 17.4 | -2.1 |
| TRY | 32.2 | 32.2 | 32.4 | 31.2 | 20.8 | 29.5 | 32.8 | 20.8 | 0.0 |

| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2023 | 1-week basis point change* |
|---|---|---|---|---|---|---|---|
| **US Treasury yields (%)** | | | | | | | |
| 3-Month | 5.37 | 5.40 | 5.39 | 5.38 | 5.39 | 5.33 | -2 |
| 2-Year | 4.95 | 4.95 | 5.04 | 4.62 | 4.40 | 4.25 | 0 |
| 5-Year | 4.58 | 4.53 | 4.72 | 4.24 | 3.75 | 3.85 | 6 |
| 10-Year | 4.56 | 4.47 | 4.68 | 4.25 | 3.64 | 3.88 | 9 |
| 30-Year | 4.68 | 4.57 | 4.78 | 4.38 | 3.86 | 4.03 | 11 |
| **10-year bond yields (%)** | | | | | | | |
| Japan | 1.06 | 1.00 | 0.87 | 0.70 | 0.43 | 0.61 | 6 |
| UK | 4.38 | 4.26 | 4.35 | 4.12 | 4.18 | 3.53 | 12 |
| Germany | 2.70 | 2.58 | 2.58 | 2.41 | 2.28 | 2.02 | 12 |
| France | 3.18 | 3.06 | 3.05 | 2.88 | 2.85 | 2.56 | 13 |
| Italy | 4.00 | 3.89 | 3.91 | 3.84 | 4.08 | 3.69 | 11 |
| Spain | 3.43 | 3.34 | 3.35 | 3.29 | 3.33 | 2.98 | 9 |
| China | 2.32 | 2.31 | 2.31 | 2.35 | 2.71 | 2.56 | 0 |
| Australia | 4.41 | 4.31 | 4.42 | 4.14 | 3.61 | 3.96 | 10 |
| Canada | 3.70 | 3.60 | 3.82 | 3.49 | 3.19 | 3.11 | 10 |

*Numbers may not add up due to rounding.

| Commodities | | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|---|---|---|---|---|---|---|---|---|
| Gold | 2,342 | 0.4 | 2.4 | 14.6 | 19.3 | 13.5 | 2,450 | 1,811 |
| Brent Oil | 81.2 | -1.1 | -5.9 | 0.8 | 16.0 | 6.3 | 91 | 69 |
| WTI Crude Oil | 77.7 | 0.0 | -4.4 | 2.0 | 18.6 | 8.0 | 86 | 66 |
| R/J CRB Futures Index | 293.0 | -0.4 | 0.5 | 6.5 | 15.4 | 11.1 | 300 | 254 |
| LME Copper | 10,116 | -2.0 | 1.2 | 19.1 | 25.1 | 18.2 | 11,105 | 7,856 |

**Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.**
Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 31 May 2024.

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